

BARES JAPAN PERU IN SOUTH AMERICA

Member of Peruvian Congress Exposes Nippon's Trade Expansion Plans.

By SENOR DON JORGE M. CORBACHO

Member of the Peruvian Congress. Special Despatch to THE SUN. (Specially written for the Latin American Section of THE SUN.)

WASHINGTON, June 15.—Those who believed that with the downfall of Germany would disappear all danger to the peace and prosperity of the world are greatly mistaken. There has arisen in the East another empire, more imperialistic and more dangerous in its tendencies and more dangerous in its practical methods.

While in the late war the United States came out in defense of the rights of the standard bearer of right, justice and liberty, with her great financial power and the heroic efforts of her sons on the battlefield, Japan, without any waste of resources, employed the war period in pushing American goods off the South American market in order to occupy the place formerly occupied by Germany in the commercial world.

The tendency of Japan to expand toward the South American peoples, especially in Peru, was indicated years ago by a Japanese Minister of State, who declared in Parliament that Peru had been selected for Japanese expansion because of its natural richness, favorable climate and geographical position, and a strong racial affinity with the Japanese people.

This most unusual declaration was not taken seriously and was noted only to the extent of a few ironical and jokey comments in some of the South American papers.

A period of study and preparation through secret agents who fulfilled admirably their mission of investigation was followed by greatly increased immigration to South America, and particularly to Peru, where the alarming situation now preoccupies the public mind as well as the thoughts of our statesmen. The practical results of the campaign of expansion developed by Japan in the last five years may be graphically summarized as follows:

Establishment of banks and commercial exchanges in the principal capitals and commercial centers of South America; monopoly of the commerce of the commercial transactions relating to low priced articles, especially in Peru; greatly increased merchant marine, including modern ships built in her own docks, which arrive weekly at both Atlantic and Pacific ports; breaking the markets with articles adapted to the necessities of the country and produced at low cost by 14,000 new Japanese industries; a progressive increase of intermarriage between Japanese and South Americans; establishment of colonies along some of the great rivers of the continent; purchase of extensive properties in several South American countries; contracting secret treaties with Latin American countries similar to the one made public with Ecuador.

Boast Addition to Empire.

Such, in brief, have been the maneuvers of this formidable competitor, which through one of its most representative statesmen, Minister Okuma, declared long ago that South American countries at no distant date would form a part of the Japanese Empire, a declaration that was opportunistically and futurally repeated by the American diplomat accredited to that country.

In a word, 60,000,000 of the yellow race are engaged in preparing the commercial, industrial and financial bankruptcy of the peoples of the world.

Taking advantage of the months during which the Peruvian Congress is not in session, I have made a trip to this country, to collect samples of American factories and to become personally acquainted with the various flaws in the commercial intercourse between the United States and South America.

In my private article to present some of the many causes for complaint in South America against American merchants, to denounce the factors which contribute to weaken commercial relations, to point out a serious danger in South America of constantly growing proportions, and to outline the effective measures that should be considered indispensable in order to prevent a serious breach in the commercial relations between this great nation and the Spanish American countries.

Summary of Complaints.

The principal grounds for these complaints can be summarized as follows: Poor quality and higher cost of some American articles as compared with similar European goods. Tardiness in filling orders. Lack of knowledge of the climate, transportation facilities, national psychology, tastes and customs in South American markets. Shipment of different goods or at different prices from that agreed to between buyer and seller. Packing of goods in such a way as not to protect them against accident, etc., or as to unnecessarily increase the freight charges through excessive weight of the package. Intervention of agents and commission men between manufacturers and buyers in such a way as to increase costs and present a clear and satisfactory understanding between seller and buyer. Adverse taxes, including the sales tax, on the Panama Canal. Losses produced by exchange conditions. Denial of credit to Latin American buyers.

To the above should be added the plague of agents abroad who frequently speculate with the products of the houses which they represent and are the worst enemies of the commerce of the United States with South America, are not infrequently one of the first steps toward overcoming them should be an early meeting of the next Pan-American financial congress in one of the American capitals.

At this congress additional commercial treaties should be discussed, as well as the creation of arbitral tribunals in this hemisphere, and the congress should discuss and make recommendations as to the policies seeking to clear away the restrictions and obstacles to a free interchange of commerce. Arrangements should be made for granting good credit facilities to American buyers and direct and sympathetic communication between manufacturer and buyers should be reestablished through the employment of South American agents in the export departments and as agents in South American countries.

LECTURES ON DIPLOMACY.

Senor Godoy to Give Course at Columbia Summer School.

A series of thirty lectures on Latin American diplomacy, and the consular service in Latin American countries, is to be given at the Columbia summer school by Senor Jose Godoy, formerly Mexican Charge d'Affaires at Washington and one time dean of the diplomatic corps in Cuba, according to an announcement yesterday.

The course of Latin American diplomacy during the war and its probable future will be discussed.

EXPORT METHODS SPELL SUCCESS AND FAILURE

Letter and Catalogue in Customer's Tongue; Proper Packing and Reasonable Credit Necessary in Latin America

By A. A. PRECIADO.

(Specially written for the Latin American Section of THE SUN.)

Two salesmen returned from South American markets last week after having made a tour of all the principal commercial centers of that continent. One handled a line of office supplies and the other a line of the same articles—only from another house.

One returned keenly disappointed at the results of his sales efforts, the other highly enthusiastic over the large amount of business he had developed for his firm. Now, all things being equal, there was no apparent reason why one should have met with such complete success and why the other should have been such a dismal failure. The supplies of the one who was a failure were of the best, the prices were right, in fact lower than those of the competitor, and prompt delivery was assured. The supplies of the one who was a success on his trip, also, were turned out by a factory with efficient workmen; the prices were, perhaps, a little higher, and strong assurances were given as to prompt delivery.

Why then did one of these men fail to produce and the other increase the profits for his firm?

Salesman didn't know his line, is one answer. Salesman didn't know how to speak Spanish, another. Quality of goods did not appeal to buyers, is another answer, and salesman didn't have the attributes of a gentleman, is another.

The Real Answer.

It happened, however, that on this occasion neither the salesman nor the goods were to blame for this remarkable indifference shown by the South American buyers. Even the head office sometimes makes mistakes. Sometimes the sin can be traced down to the export manager and the export manager has it in his hands the job to be made right through a foreign sales campaign in such a fashion as to leave a bad taste in many mouths.

It happened that the export manager of this particular house in question had something to do with the salesman's crushing defeat in South America. Some years before a Chilean merchant had written this house for information regarding its wares and asking if the house would be willing to observe packing instructions, and if it would accept payment by documents against acceptance of sixty day draft. While this inquiry did not involve an immediate order, nevertheless there was sufficient promise from the nature of its tone to command the strictest attention. Often inquiries from foreign buyers peter out, but there are many export managers in New York city who can thrill you with a story of all order inquiries received from some foreign part of the world into a good order order. That's what the export department has been created for, to receive and handle inquiries, why it maintains an expensive personnel—clerks, translators, stenographers, splendid office furniture and expensive stationery.

Apparently the export manager of the house we are discussing did not have the proper plan in dealing with his Chilean customer. He looked over the letter hurriedly.

"Umh," he said, turning to his assistant. "Here's another one of these foreigners who wants his goods packed in a hurry. He wants a sixty day draft. We can't accept an order from this fellow under such conditions. Prepare a letter explaining our attitude in the matter."

It was surely explained.

In a moment the "translator" was putting the export manager's English into Spanish. The translator had just graduated from one of those colleges that teach a person to speak Spanish in thirty days. The letter stated that it could supply the Chilean merchant with the goods desired, but that inasmuch as the house had been very successful in its packing methods in the United States it felt that it would be unable to comply with the merchant's request as to packing instructions, and that it would be compelled to demand cash with order, as the house was not in the habit of giving credit to strangers.

A catalogue in English accompanied the letter. This catalogue was meant for home consumption. It was not of standing and responsibility, but a Russian almanac. The letter was hardly understandable. Moreover, the abruptness of those of the letter which the merchant could follow intelligently made him highly indignant.

Needless to say the correspondence was dropped then and there, and the export manager wondered why his Chilean prospect lost all interest in his line.

Field Already Spoiled.

This same American firm suffered the same experience in other South American countries where dealers had become interested in its line through its advertisements in the trade papers. It was finally decided that selling by correspondence was not the right way of doing business in these countries. A sales man would be sent out to visit the foreign trade. This special representative was instructed to be liberal in his credit promises on proper showing of financial standing and responsibility. He was to be full powers to promise to follow full instructions as to packing and other minor shipping details.

He was sent out one morning with a light heart and with a rosy view of the future. His mission was a failure from the start. His house already had spoiled the field in the Argentine by its letter. Now the obtaining of this information did not mean anything in the sweet young life of the export manager. In fact, he had to devote some of his valuable time helping his foreign friends in distress. Neither did he present him with a bill for his services at the proper time. However, sometime later an order for several thousand dollars worth of supplies came unolicited from a Peruvian firm to the export manager's desk. It was from his friend, the Peruvian.

Of doing these little things for people. Not only did he please his customers but he made friends. The business of the house increased. He was an expert in handling correspondence. The Spanish written into his letters was couched in

the most dignified and friendly terms, which made the recipient feel that he would like to shake hands with the writer. His catalogues for the Spanish speaking countries of South America were in Spanish.

Inquiries from strange customers were always turned over to the credit department, where a system of obtaining credit information was so perfect that the necessary data could be obtained without causing friction or embarrassment. Shipping and packing instructions were followed to the letter. The Chilean's goods were packed his way and not the way of the shipping clerk.

Good Will Paved His Way.

Is it any wonder then, that the successful salesman who returned from South America this week was able to report tremendous sales to his superiors? In his house had won a name in the southern market for honesty and confidence. It had paved the way for its representative by spraying the field with good will. It made no difference what kind of price his competitor in the field offered. Neither did a liberal credit inducement prove an incentive to make a change.

"Your house has been my friend," said a large Chilean customer to the representative. "You have followed my instructions carefully. I am well satisfied with your goods."

A few days before the competing salesman had approached this same man. "I don't trust your house," the merchant retorted to his inquiry. "I have wanted to do business with you, but from the looks of things it seems as if your house didn't want to do business with me. It paid no attention to my instructions. It refused to give me any credit, which is necessary in the conduct of my business. You can't induce me to place an order with your house without a liberal credit policy."

The same story was repeated in every other Latin American country visited. The salesman representing the house that didn't know its business failed to do business, while the salesman of the successful house was having a record breaking time of it.

Which all goes to prove that the manufacturer who goes in for export trade must watch his step at every point on the way. He must be careful and considerate of his foreign customer. He must guard against stupid blunders such as sending out literature in English when it must be read by customers who know Spanish only. He must realize that business in South America is not done on a cash basis—that the Chilean or Peruvian or Colombian requires credit just like our merchants at home. He must endeavor to comply with instructions relative to packing and shipping.

Goods shipped to domestic points do not receive the rough handling experienced in foreign trade. Along the west coast of South America, freight is paid by the shipper. The goods are moved from the ships by means of lighters, as there are no docks in the harbors of west coast ports. The traveler reaches land in a rowboat, which is tossed about in the swell like a cork. These swells are common along the west coast and make unloading difficult.

Distance from the home office should not tempt the manufacturer from endeavoring to "put something over" on his overseas customer. It doesn't pay, and in the long run he will find that his prospects will have entirely disappeared. That is what the unsuccessful salesman who returned from South America discovered and reported to the boss.

Has Thrilling Escape.

"While my Indians were hauling out the boat I divested myself of clothing, started for the wharf, and when about half way my Indians saw me and cried out in horror, '¡Dios mío! ¡Por Dios! ¡Dios mío!' but I kept on. I was looking for the reappearance of the oxhide. As soon as it came to the surface I caught hold of it, swimming and pulling so that I could get to the shore. I looked into the pit and was terrified. Indeed, once far enough from the hole I got behind the oxhide and pushed it ashore. The oxhide was fresh, and I sank like iron. I looked around to see if I could get another. All our axes and machetes being at the bottom of the river, I could not cut down a tree to make one. Fortunately I had a rope of proper length for a paddle, but cracked. This I rolled in the fire and charred, scraped off the charred part with a knife and used the rest as a paddle. In time I had a paddle."

On October 8, 1880, Dr. Heath reached the mouth of the Madre de Dios River, which was the last of his trip, and three days later the primitive trail was no longer there. The trail was the largest of the tributaries of the Amazon.

The commercial importance of the expedition of the Madre de Dios was evident. It formed a new route from the rubber country, and business increased a hundredfold within a year.

CANAL TONNAGE INCREASES.

109 Vessels Pass Through in April.

Says Panama Governor.

According to the report of the Governor of the Canal Zone for April, the number of ocean going commercial vessels passing through the Panama Canal for the month was 109, exclusive of United States Government ships, of which no tolls were levied, other than ship and launch. Classifications are shown in the following tabulation: Net tonnage of the 161 commercial ships aggregated 480,587. Panama Canal measurement. Their registered gross tonnage was 525,945 and their net tonnage 404,069. The cargo carried totaled 508,929 long tons. Ships of twelve different nationalities were included in the tonnage figures.

The total net tonnage exceeded by 52,095 that of commercial ships passing through the canal in March, when the tonnage was 456,493. The cargo carried, however, was 5,115 tons less than that handled through the canal in March, and was the lowest, with the exception of December, 1918, for any month during the year. The quantity of cargo for December was 455,463 tons.

NEW TROUBLES ENCOUNTERED.

Buenos Ayres Newspapers Harassed by Gas Workers' Strike.

Buenos Ayres, June 15.—Having worked out of their difficulties with the printers, which compelled a suspension of publication recently for a fortnight, the newspapers of this city are confronted with a new problem.

The smaller publications have been unable to resume printing from their own plants because a strike of the gas workers makes it impossible for them to heat their presses. The larger newspapers have their own facilities for this purpose and are continuing to assist their smaller contemporaries in issuing their papers.

U. S. Consular Officers on Leave.

The following American consular officers are on leave of absence in the United States and are glad to confer with business men and commercial organizations relative to conditions in their respective jurisdictions: Lloyd Burlingame of Santa Cruz, Mexico, at South Seventh street, New York; E. M. F. Delchman of Santos, Brazil, care of Department of State; J. S. Lepinasse of Cartagena, Colombia, at 23 Rector place, New York.

SOUTH AMERICAN EXCHANGE.

(Furnished by the National City Bank of New York.)

De- Argentina (gold)..... 38.00 37.75
Brazil (currency)..... 49.25 49.12
Brazil (milreis)..... 27.50 27.38
Chile (currency)..... 20.75 20.65
Uruguay (currency)..... 107.50 107.25

RIVER NAMED FOR KANSAS CITY MAN

Dr. E. R. Heath Led Romantic So. American Expedition.

By REV. JOHN F. O'HARA.

Director, Chamber of Commerce, University of Notre Dame.

The conferring by the University of Notre Dame of the degree of doctor of laws upon Dr. Edwin R. Heath of Kansas City recalls one of the most romantic expeditions in the history of South American exploration.

The River Heath, which now forms part of the boundary between Bolivia and Peru, was named in honor of this explorer by the Bolivian Government thirty-nine years ago, when under its commission he journeyed more than a thousand miles in a canoe, mapping out the courses of two of the most important tributaries of the Amazon, the Madre de Dios and Beni rivers.

Dr. Heath's contributions to geography and ethnology were recognized in England, where he was made a Fellow of the Royal Geographical Society in 1883, but through indifference credit for the doctor's achievements has generally been withheld by the United States. The importance of Dr. Heath's work was recognized by the department of Latin American history of the University of Notre Dame, which has just made a tardy acknowledgment of his services was made.

Although 80 years of age, Dr. Heath is still hale and hearty and practices medicine in Kansas City. He was born in Janesville, Wis., in 1839. When but 10 years of age he journeyed with the family to California, where he followed a trail of adventure long enough to study medicine, graduating from the Homoeopathic Medical College in New York city in 1862.

Goes to South America.

Six years later he made his first trip to South America as Secretary of the American Legation in Chile. Within a year he had crossed the Andes at the two hazardous passes of Uspallata and Portillo, the latter at an elevation of 13,500 feet. Soon after this he was engaged by the famous naturalist, Prof. Agassiz, to collect ammonite fossils at Antofagasta, on the Pacific coast.

After a term of service as surgeon-in-chief of the Pacamayo Railway, an early American project in Chile, he returned to the United States to prepare for the exploration of the Beni River. The voyage down the Beni commenced August 6, 1880. His companions deserted him until only two Indian boys were left to help him with his canoe.

What perils he encountered may be judged from the following extract from his observations: "Ideafores had the bow line, Sebastian the stern line, and I was in the water to keep the boat from the rock. Ideafores, when he was on the projecting rock, becoming bolder, began to pull, and we could not hold the boat. As soon as the boat struck the fall it reared and then plunged out of sight."

"Fortunately I caught the stern line and took a couple of turns around a boulder, and thus we drew it to the shore, but our paddles and oxhide of forest longed to follow. The oxhide was current, turned by the projecting rock, rushed against the opposite shore it would crest over, and falling would flow back and fill the hole in the wharf, and then the hole would reform and my oxhide and paddles would disappear."

"While my Indians were hauling out the boat I divested myself of clothing, started for the wharf, and when about half way my Indians saw me and cried out in horror, '¡Dios mío! ¡Por Dios! ¡Dios mío!' but I kept on. I was looking for the reappearance of the oxhide. As soon as it came to the surface I caught hold of it, swimming and pulling so that I could get to the shore. I looked into the pit and was terrified. Indeed, once far enough from the hole I got behind the oxhide and pushed it ashore. The oxhide was fresh, and I sank like iron. I looked around to see if I could get another. All our axes and machetes being at the bottom of the river, I could not cut down a tree to make one. Fortunately I had a rope of proper length for a paddle, but cracked. This I rolled in the fire and charred, scraped off the charred part with a knife and used the rest as a paddle. In time I had a paddle."

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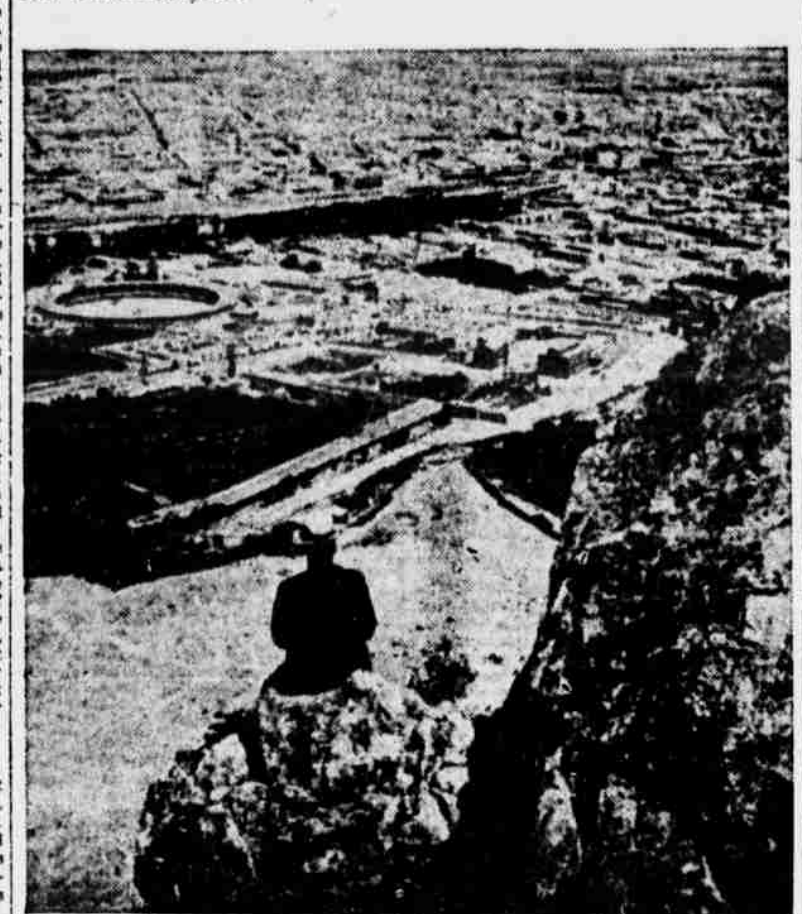
Peru to Develop Natural Resources

New Railroad System Planned by Government Will Open to the World a Wealth of Cotton, Wool, Coal, Petroleum and Minerals.

The untold riches hidden in the vastness of the Peruvian Andes and the unknown wealth of the plains beyond are about to be opened for the benefit of the world. For thousands of years a unique culture has obtained in the Andean regions of Peru which has been the constant source of study on the part of American naturalists, but access to the outside world has been exceedingly difficult because of the barrier of the Andes, which reach their greatest height and grandeur in Peru.

The seemingly unsurmountable barrier is about to be overcome, for the Peruvian Government has nearly completed plans for a comprehensive railroad system to connect all parts of the republic—to bind them together with ribbons of steel over the valleys and through the mountains, that her rich natural wealth may be available to all nations.

That these opportunities for the extension of trade and commerce are fully appreciated in the United States is shown by the fact that the United States Government has already established steamship lines to connect American and Peruvian ports through the Panama Canal, and other lines are about to be put in commission. Thus the railroad projects alone contain an element of extraordinary interest to American business men.



PANORAMIC VIEW OF LIMA, PERU.

Plans of the Peruvian Government include the construction of one or more railways connecting the western coast with the navigable rivers of the eastern frontier. One of these is the Pirin-Chimbo line, extending along the coastal belt and will include the present line from Lima north to Huacho. The second will include the lines from Cerro de Pasco south to Huancayo and from Puno north to Cuzco, providing an outlet for large quantities of rubber and timber, and assist in developing great deposits of coal and other minerals as well as providing facilities for the shipment of cotton, sugar, coffee and other products.

Three possible routes across the Andes have been discussed; one from a point on the Southern Railway to Cerro de Pasco, the second from Cerro de Pasco to the third from Paita or Chimbote to the Rio Marañon and down the Marañon valley.

While carrying out these plans Peru corporation has extracted a third of

the 3,000,000 tons allowed under its contract.

Peru's leading crops, sugar, cotton and rice, are raised by the aid of irrigation. Sugarcane growing is carried on chiefly in the coastal regions, the total area devoted to the industry being about 200,000 acres (more than 150,000 hectares). The average annual crop of sugar is 150,000 tons. There are about fifty plantations, the product being largely exported to England and Chile for refining.

PERU'S FINE COTTON.

The best grades of cotton are grown near Piura and shipped to the coast, the high quality being attributed to the peculiarities of soil and climate for which this narrow belt of coast land is noted. Five good crops may be obtained from one planting, the third year representing the maximum yield.

Cotton manufacturing is carried on in well-equipped factories in Lima, Arequipa and Ica. The annual consumption of raw material is about 3,000 tons, the native product being classed as superior to the imported article.

Tarma, or dividivi, the pods of a tree used for tanning, is native to Peru, being found chiefly in the department of Ica.

REACHING THE ATLANTIC DIRECT.

At present the steamships of the Peruvian steamship company are run from Balboa and all Peruvian ports. Our line connects at the Isthmus of Panama with the great company, the United Fruit Steamship Company. The steamships of the Huallaga, Uru, Mantaro and Ucayali are passenger boats, while the Iquitos is a freight boat. On the first four we have excellent passenger accommodations and every thing possible is done with a view to the comfort of the passengers and to invite travelers to Peru. The passenger steamships are 8,000 tons each, very fast and both inside and out are built on the graceful lines of pleasure yachts, but nevertheless are as serviceable and well built as any ocean-going steamship. They combine strength with beauty.

PERU FAVORED BY NATURE.

Aside from its long coast line and numerous bays and ports on the Pacific, Peru has been favored by nature with an extensive fluvial system, for with a convenient outlet for her products on the Atlantic side, it is estimated that there are from 3,000 to 4,000 miles of rivers in Peru navigable for vessels of from 8 to 20 feet draft. The port of Iquitos, on the Upper Amazon, the principal inland port, can be reached in twenty-six days from New York by steamers, sailing monthly. Other inland ports of some importance are Yurimagua, near Huallaga River; Contamana, on the Ucayali River, and Puerto Bermudez, on Lake Titicaca. Puno is the important port on the Peruvian side. This port now has a drydock for use of lake steamers.

DOCKS AT CALLAO, PERU.

Callao is well equipped with modern appliances for shipping, and plans are under way for further improvements to the harbor.

Some of the railroads of Peru present a scenery unsurpassed in beauty anywhere in the world.

324 miles (521 kilometers), from which latter point it connects with a line of steamers running to the Bolivian port of Guayaquil. From the latter point, a branch extends to Sucre and Cuzco. On the Southern Railway, at a distance of 107 miles from Lima, is the city of Arequipa. Near Arequipa also is located the Harvard Observatory, which was established at this particular point because of the clearness of the atmosphere. Arequipa is 7,600 feet above sea level, and the line reaches its highest altitude of 14,566 feet at Cruces, within a few hours' travel of that city.

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The cultivation of coca, the plant from which medicinal cocaine is obtained, is an important industry in the south. All steamers running to Callao have arrangements for connection at Panama, and the opening of the Canal encourages direct communication with ports in the United States and Europe.

Rice, tobacco, wheat, ramie and maize are also grown, and silk culture and viticulture are engaging the attention of industrial enterprises.

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